

**\*OGC Has Reviewed\***

1 October 1955

MEMORANDUM FOR: SA/PC/DCI

ATTENTION :

25X1A

SUBJECT : Project AQUATONE

1. Our comments on the draft Agreement of Employment, which is attached to the proposal of 18 June 1955, as revised 17 September 1955, are set out below. With the exception of the comments at subparagraph (h), all of these points are those discussed yesterday.

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(a) The reference in Section 5C should be "Section 7A" rather than "Section 7B".

(b) Section 7A states that salary "shall be deemed reduced". A similar thought is expressed in Section 1 by the words "shall be deemed to, and shall", which seems more careful language. We suggest the phrase in Section 7A be changed to read "shall be reduced".

(c) Section 8A provides for accrual of vacation in "the event Employee should, at the request of the Company continue service for a period of time beyond the Term of Employment". This seems to be the only provision in the entire Agreement in which it is contemplated that service beyond that provided in the Term of Employment may be required. Since it may become necessary to extend the period of employment beyond that provided in the Agreement it might be well to include in the Agreement a provision covering that point.

(d) Section 8B refers to a sick leave plan "which is in effect". A similar thought is involved in Section 8E where an insurance plan "as presently in effect" is referred to. If, as I assume, no difference is intended, it is suggested that these two provisions be made identical. Section 8B could be changed to read "as presently in effect".

(e) Section 8A provides that the mid-contract leave must be spent in the United States, if so specified by the Company, and Section 9B requires the Company to furnish to the Employee "transportation necessary to the employment which is the subject of this Agreement". In order to make certain that vacation travel to the United States as required by 8A will be furnished pursuant to 9B it is suggested that 9B be changed by substituting a comma for the period and adding "including transportation for vacations required to be spent in the United States under Section 8A hereof".

(f) It is believed Section 9A would be more clear if it were divided into two sentences, the first ending with the word "specified" in line 4 and the second beginning with the word "when" in line 4.

(g) We query the use of the word "military" in the title of Section 11 and the last sentence of 11A. Also, with reference to Section 11A, all transmission or revelation of information affecting the national defense to an unauthorized person is not a criminal offense. Further, we think the consequences of transmission or revelation of such information might be more forcefully stated by indicating that such action may be a criminal offense which could lead to prosecution and conviction, as well as constituting cause for immediate termination. We suggest the second sentence be revised as follows: "Transmission or revelation of such information in any manner to unauthorized persons may be a criminal offense which may lead to prosecution and conviction. It will also be a cause for immediate termination of employment within the meaning of paragraph A of Section 15".

(h) In the next to the last line of Section 12 it is provided that employees must submit to medical examinations from time to time "at Employee's place of duty". Suggest this be changed to read "at Employee's place of duty or elsewhere".

(i) The significance of Section 13A is not clear. Does it mean the Employee will be covered by Workmen's Compensation Insurance under California law? It would seem likely that employees are or are not covered by California law and that a contractual provision would not affect it. If, on the other hand, 13A means the Company will insure or provide insurance, probably the Agreement should spell this out.

(j) It is believed the term "Employer" as used three times in Section 13C and D should be replaced by the word "Company".

(k) In view of the provisions in Section 14 that dependents will not be permitted to accompany employees, it appears that the words "and dependents" in the first and second sentences of Section 13C should be deleted.

(l) We wonder if there may not be occasions when the Company might desire to allow an employee to resign for reasons satisfactory to the Company, and not included in the list at Section 15B, without sacrificing overseas differential.

2. The Agreement of Employment, we realize, is of primary interest to the Company and the Employee. The Agency's interests, in the main, are security and cost. The above points, we think, are pertinent in connection

with these two factors but we think you will also want to weigh them against your relations with the Company and the urgency of getting on with the project.

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3. The Proposal, as revised, together with the letters of 22 August and 17 September, which were transmitted to this Office by [REDACTED] note of 17 September, are returned herewith.

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[REDACTED]

Assistant General Counsel

OGC:RHL:ss

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Signer

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